

Message Text

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PAGE 01 BONN 16270 302027Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 SP-02 USIA-15 AID-05 EB-08
NSC-05 SS-15 STR-05 OMB-01 CEA-01 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04
SIL-01 L-03 H-02 /110 W
-----120481 011010Z /12

R 301723Z SEP 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 1909
DEPARTMENT TREASURY
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
INFO AMCONSUL FRANKFURT

UNCLAS BONN 16270

E.O. 11652: N/A
TAGS: ECON, EFIN, GW
SUBJECT: BUNDESBANK REVISES GNP AND CENTRAL
BANK MONEY GROWTH ESTATES

REF: BONN 15996

1. GERMAN GNP IS LIKELY TO GROW BY ONLY ABOUT 3.0 TO 3.5 PERCENT (REAL) IN 1977 ACCORDING TO HELMUT SCHLESINGER, DIRECTOR OF THE BUNDESBANK'S DOMESTIC ECONOMY DIVISION. SCHLESINGER ALSO COMMENTED ON BUNDESBANK EXPECTATIONS FOR GROWTH OF CENTRAL BANK MONEY AND THE BALANCE OF PAYMENTS IN THE COURSE OF AN ADDRESS AT THE ANNUAL CONVENTION OF THE PRECISION MACHINERY AND OPTICAL EQUIPMENT INDUSTRY.

2. CENTRAL BANK MONEY (CBM) WILL PROBABLY INCREASE
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PAGE 02 BONN 16270 302027Z

BY 8.5-9.0 PERCENT IN 1977 AS COMPARED TO THE 8.0 PERCENT TARGET, HE SAID, AND GERMANY'S BP "BASIC BALANCE" IN 1977 WOULD BE IN DEFICIT BY ABOUT DM 5.0 BILLION. IN 1976 GERMANY'S "BASIC BALANCE" WAS DM 8.0 BILLION IN SURPLUS.

3. COMMENT: THE FRG LONG-TERM CAPITAL ACCOUNT IS

EXPECTED TO BE IN SUBSTANTIAL DEFICIT IN 1977. THROUGH JULY, NET LONG-TERM CAPITAL OUTFLOWS AMOUNTED TO DM 8.9 BILLION IN 1977 COMPARED TO A VIRTUALLY BALANCED ACCOUNT THROUGH JULY 1976. THUS A SUBSTANTIAL PORTION OF THE OVERALL CHANGE IS ACCOUNTED FOR IN THIS ITEM.

CONCERNING CBM, AS REPORTED IN BONN 15996 CBM GROWTH THROUGH AUGUST HAD BEEN RUNNING ABOVE THE BUNDESBANK GROWTH PATH TO ACHIEVE 8.0 PERCENT GROWTH FOR THE YEAR (MEASURED BY AVERAGE 1977/AVERAGE 1976). A LINEAR PROJECTION OF THE GROWTH PATH THROUGH AUGUST YIELDS AN 8.8 PERCENT GROWTH RATE FOR CBM IN 1977. END COMMENT. STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, CENTRAL BANK, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN16270
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770358-0731
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977095/aaaaadsa.tel
Line Count: 76
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 98391343-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BONN 15996
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1226891
Secure: OPEN
Status: NATIVE
Subject: BUNDESBANK REVISES GNP AND CENTRAL BANK MONEY GROWTH ESTATES
TAGS: ECON, EFIN, GE
To: STATE TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/98391343-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009